

Congress of the United States

Washington, DC 20515

June 18, 2002

Mr. David M. Walker
Comptroller General of the United States
United States General Accounting Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Walker:

On February 8, 2002, Congressman Pascrell wrote you requesting that the General Accounting Office examine the decisions made by Federal Energy and Regulatory Commission (FERC) with regard to deregulation of the nation's energy markets and the effect these actions have had on consumers throughout the United States. While other members of both the House and Senate have made formal requests with regard to FERC's deregulation oversight, we believe it essential that the direct effect on consumers be thoroughly examined. We are therefore requesting you expedite the initiation of an examination.

The ongoing hearings being conducted by several Congressional Committees, as well as the investigation being conducted by the GAO, are shedding light on the enormous influence exerted by Enron Corporation in selecting the current panel of FERC commissioners, including its Chairman, Pat Wood, III. Chairman Wood has acknowledged that Enron had 367 meetings with FERC staff between May, 2000 and June, 2001. Interestingly, Chairman Wood neglected to provide information about his own contacts with Enron, despite several requests made to him, including that of Rep. Henry Waxman on February 28.

This disturbing level of access to the FERC's leadership by a large energy company leads to our concern that deregulation was being pursued, and ushered through by the Commission, not as a means to lower energy prices for consumers but to raise them in the hope of generating profits for a select few. We are concerned that FERC ignored violations of the "just and reasonable" standard of the Federal Power Act (FPA) by Enron and others.

The FERC does important work that affects somewhere between four to six percent of the Gross Domestic Product (GDP). The commission has made 139 regulatory decisions concerning Enron alone since 1995, and the effect these decisions have had on energy consumers must be closely examined. Additionally, other deregulation decisions unrelated to Enron should also be considered.

We greatly appreciate all the work done by the GAO, and look forward to hearing from you soon.

Sincerely,

Bill Pascrell, Jr. Bob Filner Carolyn B. Maloney
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Michael M. Honda Robert E. Andrews Dennis J. Kucinich
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